



4th August 2016

2016 – 1H Results

2016 1H – Results in line with BP targets.

ORGANIC GROWTH

Organic growth of approximately 21m€ (12m€ in 1Q 2016), coming mainly from the energy value chain.

SYNERGIES

16m€ of synergies already achieved (7m€ in 1Q 2016) representing more than 50% of 2016 target

CONSOLIDATION

After the closing of TRM deal in January, the company continued its **territorial consolidation process, obtaining a controlling stake in Atena (May 2016)**, further strengthening the Group's role as aggregator in the Piedmont region.

FINANCIAL OPTIMIZATION

Sound financial management which:

- partially offset the increase in the cost of debt (due to the TRM consolidation)
- managed to reduce NWC by approx. 40m€ compared to 1Q 2016.

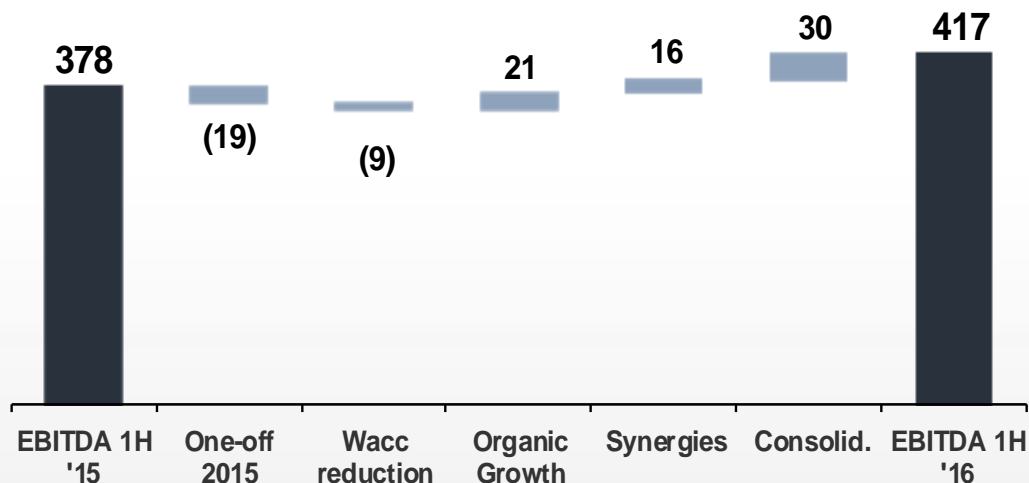


1H 2016: All the Business Plan growth drivers confirmed.

Income statement

	m€	1H '15	1H '16	Δ	Δ%
Revenues		1,579	1,555	-24	-1.5%
Ebitda		378	417	39	10.3%
Ebit		217	242	25	11.7%
Net profit		103	119	16	16.1%

Ebitda Bridge



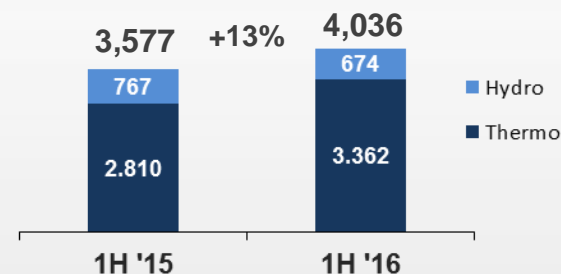
- **Revenues -1.5%:** weak commodity prices scenario (PUN price at its lowest ever)
- **Ebitda +10.3%:** thanks both to organic growth and synergies (37m€ - almost doubled compared to 1Q 2016). The change in consolidation perimeter is worth 30m€ and its mainly linked to TRM.
- **Ebit +11.7%:** reflecting good operating results which more than offset D&A growth linked to TRM.
- **Net profit +16.1%:** benefitting from the growth in EBIT and an adjustment in participations (TRM effect) which offset higher financial charges and taxes

GENERATION AND DH – Higher margins from cogen/thermo production.

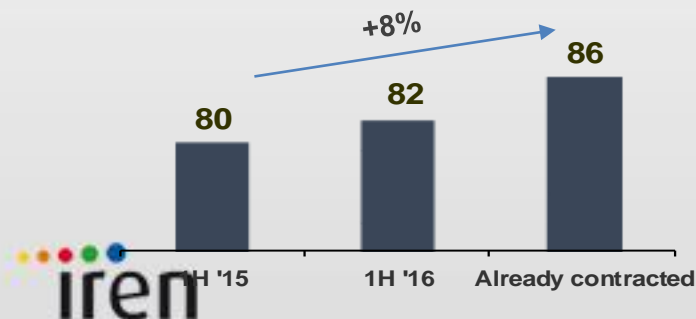
- The positive trend in margins, already reported in 1Q 2016, continues thanks to a persistent positive difference between gas and electricity prices.
- **Generation sector** drove the growth in EBITDA, benefitting from higher spark-spreads and volumes in combination with an increased contribution from MSD market thanks to the improved flexibility of IREN's generation fleet.
- **Hydroelectric sector** hit by both a fall in electricity price and lower electricity and green cert. production.
- **DH sector's** margin stable in spite of a slight reduction in volumes (mild winter season effect). 3.6mcm of further volumes heated have been already contracted (positive effects starting from the next winter season).
- **EBIT performances (+58%)** thanks to the positive operating results plus the release of a number of provisions.

	m€	1H '15	1H '16	Δ	Δ%
Revenues		398	403	5	1%
Ebitda		103	119	16	15%
Ebit		38	60	22	58%
Gross Capex		9	15	6	67%

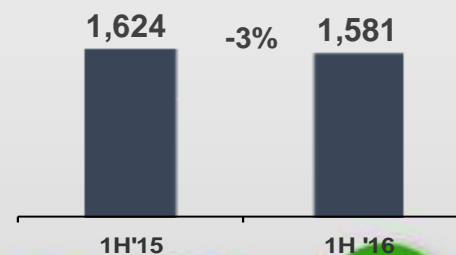
ELECTRICITY PRODUCTION (GWh)



DH VOLUMES HEATED (MCM)



HEAT PRODUCTION (GWht)

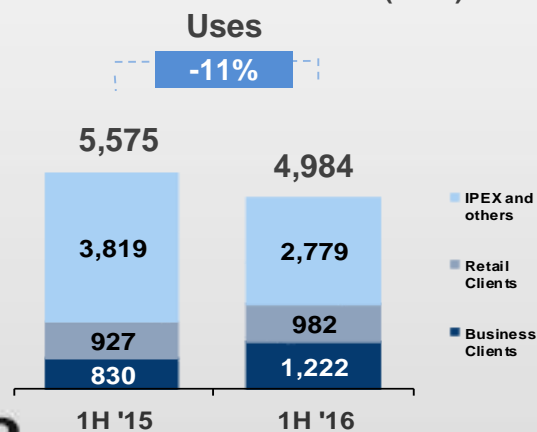


MARKET – Increase in customer-base and profitability confirmed.

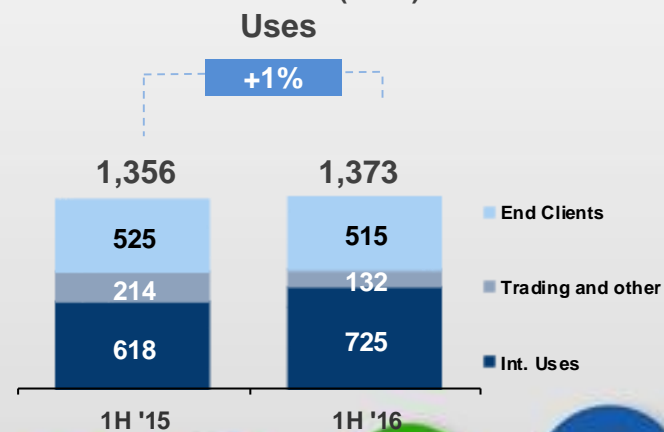
- The **strong growth in EBITDA** derived from:
 - **Scenario** - change in regulation both in regulated and free market (PCV)
 - **Company strategy** – higher effectiveness of re-pricing strategy together with a winning shipping and logistics policy (gas sector) and a sound hedging procedure (electricity sector).
 - **Portfolio review** - strong focus on end clients (+25% electricity volumes sold) vs. lower volumes sold on IPEX.
- The positive trend already reported in 1Q 2016 in commercial and marketing activity continued also in 2Q with **+21k energy clients** compared to FY 2015, to which are added approx. **54K energy clients coming from the consolidation of Atena** (multi-utility in Vercelli)

	m€	1H '15	1H '16	Δ	Δ%
Revenues		1,199	1,084	-115	-10%
Ebitda		62	83	21	34%
	<i>Electricity</i>	13	32	19	146%
	<i>Gas&Heat</i>	49	51	2	4%
Ebit		46	59	13	29%
Gross Capex		7	9	2	35%

ELECTRICITY PORTFOLIO* (GWh)



GAS PORTFOLIO (MCM)

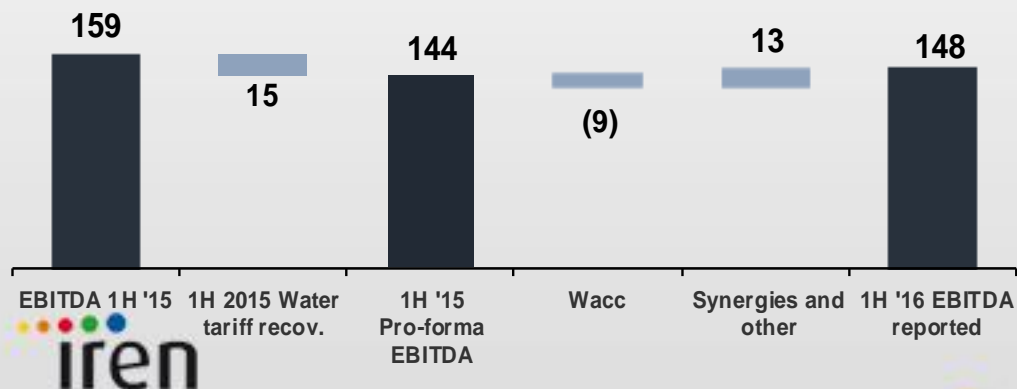


NETWORKS – Positive results net of 2015 water tariff recovery.

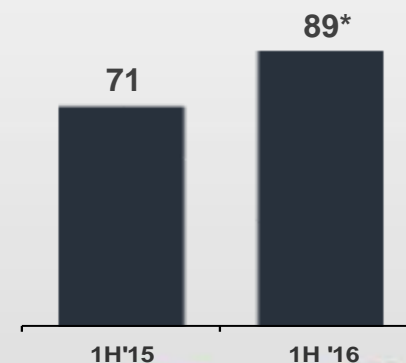
- **Electricity networks:** The slight decrease in EBITDA is mainly linked to the absence of a positive equalization reported in 1H 2015 and wacc reduction, partially offset by synergies.
- **Gas networks:** Higher efficiency more than offset the reduction in wacc.
- **Water networks:** The fall in EBITDA is linked to the absence of approximately 15m€ tariff recovery for previous years reported in 1H 2015.
- **+80m€ RAB** deriving from Atena consolidation.

	m€	1H '15	1H '16	Δ	Δ%
Revenues		392	400	8	2%
Ebitda		159	148	-11	-7%
	<i>Electricity</i>	37	35	-2	-5%
	<i>Gas</i>	34	36	2	7%
	<i>Water</i>	88	77	-11	-12%
Ebit		104	88	-16	-15%
Gross Capex		64	60	-4	-7%

EBITDA Bridge



WATER DISTRIB. (MCM)



* Due mainly to change in consolidation Perimeter (ex. SAP concessions)

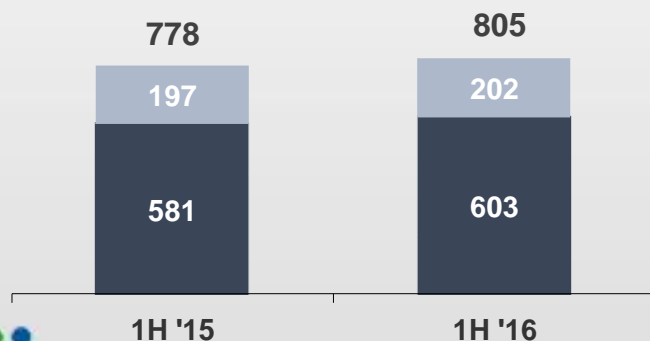
WASTE – 76% growth thanks to changes in perimeter and in urban waste flow.

- The strong increase in the BU's margins, in spite of the drop in electricity price, is linked principally to:
 - the **territorial consolidation process** (~25m€) through the acquisition of a controlling stake in **TRM**.
 - The **reduction in the utilization of external disposal plants**.
- The regional plan regulating waste flow in Emilia Romagna has given IREN the possibility of disposing **Reggio Emilia urban waste in IREN's WTE** in Parma (PAI). This will guarantee the full saturation of the plant in the next years.

	m€	1H '15	1H '16	Δ	Δ%
Revenues		234	254	20	9%
Ebitda		36	63	27	76%
Ebit		12	32	20	173%
Gross Capex		6	7	1	10%

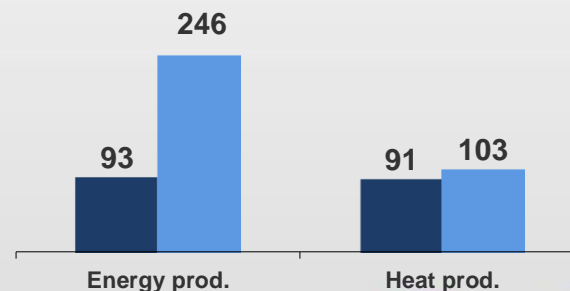
Waste (Kton)

■ Urban waste ■ Special waste



WTEs - Energy and Heat sold (GWh)

■ 1H '15 ■ 1H '16



From EBITDA to Net Profit.

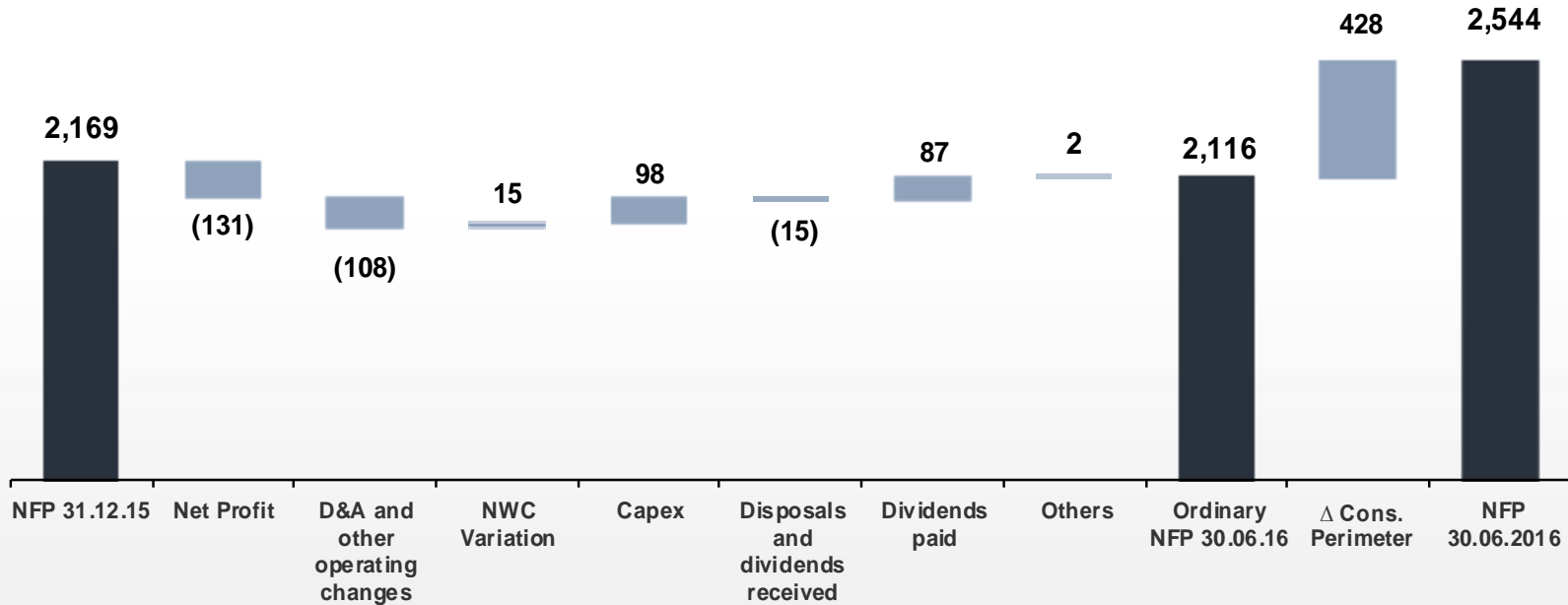
	1H '15	1H '16	Δ	Δ%
EBITDA	378.1	417.1	39.0	10.3%
<i>D&A</i>	-130.9	-143.0		
<i>Provisions</i>	-30.5	-32.1		
EBIT	216.7	242.0	25.3	11.7%
<i>Financial charges for loans</i>	-41.0	-46.9		
<i>Other financial charges</i>	2.3	-5.9		
<i>Companies cons with e.m.and adj.</i>	4.8	13.2		
EBT	182.8	202.4	19.6	10.7%
<i>Taxes</i>	-68.0	-71.3		
<i>Minorities</i>	-12.3	-12.0		
Group net profit	102.6	119.1	16.5	16.1%

▪ **Higher D&A** linked mainly to TRM consolidation.

- **Higher Financial charges for loans** due to TRM consolidation.
- Higher “Other financial charges” due to **actualization of expenses.**
- Adj. in TRM participation value.

• Higher tax linked to the increase in EBT (**1H 2016 tax-rate approximately 35%**).

Cash-flow and NFP Bridge.

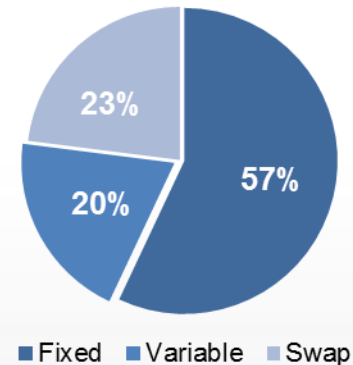


- Net of the TRM and Atena consolidation effect, the NFP would have been 53m€ lower compared to FY 2015 and in line with 1Q 2016 level.
- 40m€ NWC reduction compared to 1Q 2016.

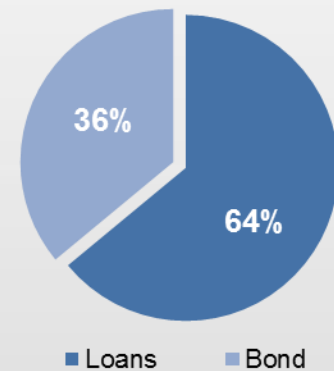
Interest rate and debt structure.

- 20% of gross debt at variable interest rate.
- Average long-term debt duration of about 5.0 years.
- Slight reduction in cost of debt (3.5%) compared to 1Q 2016 (3.6%).
- IREN's debt is formed of:
 - 36% bonds
 - 33% EIB loans
 - 31% other loans

Gross debt interest rate



Debt structure





Annexes



Market Scenario.

	1H '15	1H '16	Δ%
Brent <i>USD/bbl</i>	57.9	39.7	-31%
€/USD	1.1	1.1	=
Brent <i>€/bbl</i>	51.9	35.6	-31%
Gas Demand (<i>bcm</i>)	35.2	35.7	1%
PSV <i>€/000 scm</i>	248	182	-36%
Energy Demand (<i>Twh</i>)	153.2	151.5	-1%
PUN (<i>€/Mwh</i>)	49.8	37.0	-26%
CO2 <i>€/Ton</i>	7.2	5.7	-21%
Green Cert. Hydro (<i>€/Mwh</i>)	99.9	100.1	=

- PUN hit in the first 6 months of the year the lowest level ever reported.

Balance Sheet.

	1H '16	FY '15
<i>Net fixed assets</i>	5,114	4,648
<i>Net Working Capital</i>	168	154
<i>Funds</i>	-521	-526
<i>Other assets and liabilities</i>	-48	-46
Net invested capital	4,713	4,231
<i>Group Shareholders' equity</i>	2,169	2,062
<i>Net Financial Position</i>	2,544	2,169
Total Funds	4,713	4,231

DISCLAIMER

The Manager in charge of drawing up the corporate accounting documents and the Chief Financial Officer of IREN S.p.A., Mr. Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act (Legislative Decree No 58/1998), that the accounting information contained in this presentation is consistent with the accounting documents, records and books.

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